

Exhibit A Investment Portfolio Review Quarter Ending March 31, 2020

OVERVIEW

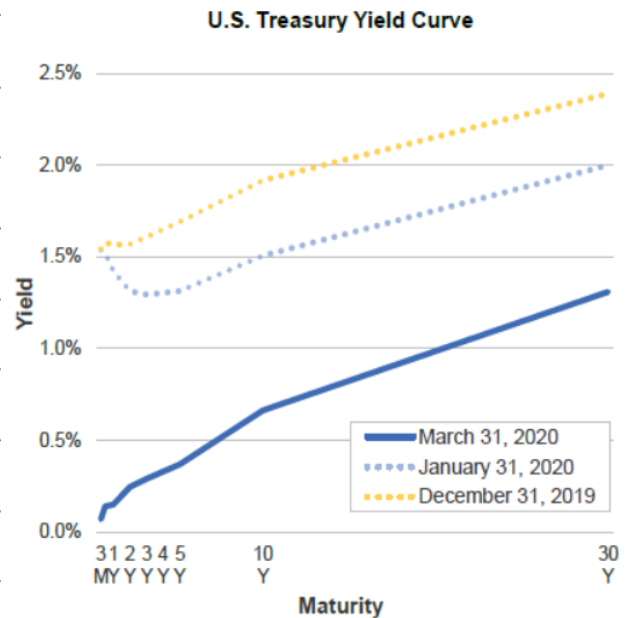
January 1, 2020 – March 31, 2020

The U.S. economy entered the year on a strong footing, however, that deteriorated quickly as the COVID-19 pandemic took hold across the Globe, including the U.S. With a virtual economic shutdown, and a global health crisis at hand, the Federal Reserve responded aggressively by cutting rates at two emergency meetings to the new target range of 0% to 0.25%. Treasury yields plunged in response to the Fed's new zero interest rate policy, with longer-term Treasury yields reaching new historic lows. The immediate impact of the pandemic on global economies made typical economic indicators, most of which are backward-looking, essentially irrelevant.

U.S. TREASURY YIELD CURVE

- Rates Plummeted Due to the Coronavirus Outbreak

	1Q2020 3/31/20	4Q2019 12/31/19	QoQ Change
3 month	0.09%	1.54%	-1.45%
1 year	0.15%	1.57%	-1.42%
2 year	0.25%	1.57%	-1.32%
3 year	0.29%	1.61%	-1.32%
5 year	0.38%	1.69%	-1.31%
10 year	0.67%	1.92%	-1.25%
30 year	1.32%	2.39%	-1.07%



Source: Bloomberg, as of 3/31/20.

- The 2-year Treasury decreased by 132 basis point (1.32%) to end the quarter at 0.25%.
- Yields felt the pressure of weakness in business investment and other economic data, as well as heightened recession fears for the U.S. and global economies due to the coronavirus outbreak.



Source: Bloomberg, as of 3/31/20.

The County Treasury investments continue to focus on capturing relative value while remaining cautious. The following indicators reflect key aspects of the investment portfolio in light of the above noted conditions:

1. Market Access – During the quarter, investment purchases for the portfolio included U.S. Treasuries, Commercial Paper, Certificates of Deposits, and Corporate Notes. The Treasurer continues to keep a higher level of liquid assets reflecting the need to maintain levels of available cash to ensure the ability to meet all cash flow needs.
2. Diversification - The Monterey County Treasurer’s portfolio consists of 187 separate fixed income investments, all of which are authorized by the State of California Government Code 53601.

The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition							
Corporate Notes	Negotiable CDs	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper	Supranationals	Municipal Bonds
13.6%	2.1%	18.9%	56.1%	1.7%	6.1%	1.5%	<0.1%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 84.9% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities, Negotiable CDs and other liquid funds. All assets have a better than investment grade rating. U.S. Treasuries are not specifically rated, but

are considered the safest of all investments. All corporate debt (13.6%) is rated in the higher levels of investment grade and all Federal Agency and Municipal holdings are rated AA. The Supranational (1.5%) is rated AAA. The credit quality of the Treasurer’s portfolio continues to be high.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition							
AAA	AAAm	AA	A	A-1 (Short Term)	Aaf/S1+ (CalTRUST)	BBB+ (split rated)	Not Rated
1.6%	8.2%	62.5%	8.9%	7.7%	6.6%	0.5%	4.1%

• Total may not equal 100% due to rounding

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County Treasury to meet withdrawal demands on invested assets, was actively managed during the January – March quarter. The portfolio’s average weighted maturity was 278 days, and the Treasurer maintained \$346M (19%) in overnight investments to provide immediate liquidity to be able to react quickly to needs or opportunities in the current environment. In addition, the Treasurer maintained \$841M (46%) in securities with maturities under a year to provide additional enhanced liquidity.

PORTFOLIO CHARACTERISTICS

	<u>December 31, 2019</u>	<u>March 31, 2020</u>
Total Assets	\$1,853,827,448.73	\$1,817,425,030.14
Market Value	\$1,848,747,198.94	\$1,814,484,769.93
Days to Maturity	331	278
Yield	2.32%	2.25%
Estimated Earnings	\$9,758,162.96	\$10,116,975.49

Given the volatile market environment due to the COVID-19 pandemic, the Treasury has a “hold and see” approach leaving maturing investments in short-term accounts for potential liquidity needs. As the situation continues to unfold, the portfolio will be actively managed under the established tenets of safety and liquidity while seeking to maximize the rate of return.